available to the Commission upon request.

8. Each Fund will notify all Participating Insurance Companies that separate account prospectus disclosure regarding potential risks of mixed and shared funding may be appropriate. Each Fund will disclose in its prospectus that: (a) Shares of the Fund are offered to insurance company separate accounts to fund both variable annuity and variable life insurance contracts and to Qualified Plans, (b) due to differences of tax treatment and other considerations, the interests of various Contract owners participating in the Funds and the interests of Qualified Plans investing in the funds may conflict, and (c) the Board of such fund will monitor for the existence of any material conflicts and determine what action, if any, should be taken.

9. Each Fund will comply with all provisions of the 1940 Act requiring voting by shareholders (which for these purposes, shall be the persons having voting interests in the shares of the Funds), and, in particular, each Fund will either provide for annual meetings (except to the extent that the Commission may interpret Section 16 of the 1940 Act not to require such meetings) or comply with Section 16(c) of the 1940 Act, as well as Section 16(a), and if applicable, Section 16(b) of the 1940 Act. Further each Fund will act in accordance with the Commission's interpretation of the requirements of Section 16(a) with respect to periodic elections of directors and with whatever rules the Commission may promulgate with respect thereto.

10. If and to the extent that Rules 6e-2 and 6e-3(T) are amended (or if Rule 6e-3 under the 1940 Act is adopted) to provide exemptive relief from any provisions of the 1940 Act or the rules thereunder with respect to mixed and shared funding on terms and conditions materially different from any exemptions granted in the order requested by the Applicants, then the Funds and the Participating Insurance Companies, as appropriate, shall take such steps as may be necessary to comply with Rules 6e-2 and 6e-3(T) as amended, and Rule 6e-3, as adopted, to the extent applicable.

11. No less than annually, the Participating Insurance Companies, and/or Montgomery and/or its affiliated advisors shall submit to each Board such reports, materials or data as such Board may reasonably request so that the Board may carry out fully the obligations imposed upon it by the conditions contained in the application. Such reports, materials and data shall be submitted more frequently if deemed

appropriate by the applicable Board. The obligations of Participating Insurance Companies to provide these reports, materials and data shall be a contractual obligation of all Participating Insurance Companies under the agreements governing their participation in the Funds.

12. In the event that a Qualified Plan should ever become an owner of 10% or more of the assets of a Fund, such Qualified Plan will execute a fund participation agreement with such Fund. A Qualified Plan shareholder will execute an application containing an acknowledgment of this condition at the time of its initial purchase of shares of the Fund.

Conclusion

For the reasons and upon the facts stated above, Applicants believe that the requested exemptions are appropriate in the public interest and consistent with the protection of investors and the purposes fairly intended by the policy and provisions of the Act.

For the Commission, by the Division of Investment Management, under delegated authority.

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 95–9841 Filed 4–19–95; 8:45 am]

[Release No. IC-21008; 812-9404]

Nike Securities L.P., et al.; Notice of Application

April 14, 1995.

AGENCY: Securities and Exchange Commission ("SEC").

ACTION: Notice of Application for Exemption under the Investment Company Act of 1940 (the "Act").

APPLICANTS: Nike Securities L.P. (the "Sponsor") and The First Trust of Insured Municipal Bonds, The First Trust GNMA, The First Trust of Insured Municipal Bonds—Multi-State, The First Trust Advantage Fund, The First Trust Special Situations Trust, The First Trust Combined Series (the "Trusts"), and their respective series.

RELEVANT ACT SECTIONS: Order requested pursuant to section 6(c) for exemptions from sections 2(a)(32), 2(a)(35), 22(d), and 26(a)(2) of the Act and rule 22c–1 thereunder, and pursuant to section 11(a) for an exemption from section 11(c).

SUMMARY OF APPLICATION: Applicants seek to impose sales charges on a deferred basis, waive the deferred sales charge in certain cases, and exchange

Trust units having front-end and deferred sales charges.

FILING DATE: The application was filed on December 30, 1994, and was amended on March 29, 1995.

HEARING OR NOTIFICATION OF HEARING: An order granting the application will be issued unless the SEC orders a hearing. Interested persons may request a hearing by writing to the SEC's Secretary and serving applicants with a copy of the request, personally or by mail. Hearing requests should be received by the SEC by 5:30 p.m. on May 9, 1995 and should be accompanied by proof of service on applicants, in the form of an affidavit or, for lawyers, a certificate of service. Hearing requests should state the nature of the writer's request, the reason for the request, and the issues contested. Persons may request notification of a hearing by writing to the SEC's Secretary.

ADDRESSES: Secretary, SEC, 450 Fifth Street NW., Washington, DC 20549. Applicants, c/o Nike Securities L.P., 1001 Warrenville Road, suite 3000, Lisle, Illinois 60532.

SUPPLEMENTARY INFORMATION: The following is a summary of the application. The complete application may be obtained for a fee at the SEC's Public Reference Branch.

Applicants' Representations

- 1. Each of the Trusts is a unit investment trust sponsored by the Sponsor. Each of the Trusts consists of one or more separate series ("Series"). Applicants request that the relief sought herein apply to any future Trusts sponsored by the Sponsor, and any future Series of the Trusts.
- 2. Each Series is created by a trust indenture among the Sponsor, a banking institution or trust company as trustee. and an evaluator. The Sponsor acquires a portfolio of securities which it deposits with the trustee in exchange for certificates representing units of fractional undivided interest in the deposited portfolio ("Units"). The Units are then offered to the public through the Sponsor, underwriters, and dealers at a public offering price which, during the initial offering period, is based upon the aggregate offering side evaluation of the underlying securities plus a frontend sales charge. The sales charge currently ranges from 1.85% to 5.50% of the public offering price, generally depending on the terms of the underlying securities. The Sponsor may reduce the sales charge under certain circumstances, which will be disclosed in the prospectus. Any such reduction

will be made in accordance with rule

3. Applicants seeks an order under section 6(c) exempting them from sections 2(a)(32), 2(a)(35), 22(d), 26(a)(2) of the Act and rule 22c-1 thereunder, to the extent necessary to permit them to impose a deferred sales charge ("DSC") on Units, and reduce or waive the DSC under certain circumstances. Under applicants' proposal, the Sponsor will determine the maximum amount of the sales charge per Unit. The Sponsor will have the discretion to defer the collection of all or part of such sales charge over a period (the "Collection Period") subsequent to the settlement date for the purchase of Units. The Sponsor will in no event add to the deferred amount of the sales charge any additional amount for interest or any similar or related charge to reflect or adjust for such deferral.

4. The Sponsor anticipates collecting a portion of the total sales charge immediately upon purchase of Trust Units. The balance of the sales charge will be collected in installments over the Collection Period for the particular Trust Series. To the extent that distribution income is sufficient to pay a DSC installment, such deductions will be collected from distributions on a holder's Units ("Distribution Deductions"). If distribution income is insufficient to pay a DSC installment, the trustee, pursuant to the powers granted in the trust indenture, will have the ability to sell portfolio securities in an amount necessary to provide the requisite payments. If a Unitholder redeems or sells to the Sponsor his or her Units before the total sales charge has been collected from installment payments, the balance of the sales charge may be collected as a DSC at the time of redemption or sale. The Sponsor does not presently intend to deduct the remainder of any DSC from sale or redemption proceeds.

5. For purposes of calculating the amount of the DSC due upon redemption or sale of Units, it will be assumed that Units on which the sales charge has been paid in full are liquidated first. Any Units liquidated over and above such amounts will be subject to the DSC, which will be applied on the assumption that Units held for the longest time are redeemed

6. The Sponsor may adopt a procedure of waiving the DSC in connection with redemptions or sales of Units under certain circumstances. Any such waiver will be disclosed in the prospectus for each Series subject to the waiver, and will be implemented in accordance with rule 22d-1.

7. The Sponsor believes that the operation and implementation of the DSC program will be adequately disclosed and explained to potential investors as well as Unitholders. The prospectus for each Trust will describe the operation of the DSC, including the amount and date of each Distribution Deduction and the duration of the Collection Period. The prospectus will also contain disclosure pertaining to the Trustee's ability to sell Trust securities in the event that income generated by the Trust portfolio is partially or wholly insufficient to pay for DSC expenses. The securities confirmation statement for each Unitholder's purchase transaction will state both the front-end sales charge imposed, if any, and the amount of the DSC to be deducted in regular installments. In addition, each annual report will provide Unitholders with information as to the amount of annual DSC payments made by the Trust during the previous fiscal year on both a Series and per Unit basis.

8. Applicants also seeks an order under section 11(a) exempting them from section 11(c) to the extent necessary to permit an exchange option ("Exchange Option"). The Exchange Option will extend to all exchanges of Units, regardless of whether such Units are subject to a front-end sales charge or a DSC. An investor who purchases Units under the Exchange Option will pay a lower aggregate sales charge than that which would be paid by a new investor. While Units of an applicable Series are normally sold on the secondary market with maximum sales charges ranging from 1.85% to 5.80% of the public offering price, the sales charge on Units acquired pursuant to the Exchange Option will generally be reduced to a flat fee of \$20 per Unit (\$20 per 100 Units in the case of a Series whose Units initially cost approximately \$10 per Unit, or \$20 per 1,000 Units in the case of a Series whose Units initially cost approximately \$1.00 per Unit). An adjustment will be made if Units of any Series are exchanged within five months of their acquisition for Units of a Series with a higher sales charge, or if Units that impose Distribution Deductions are exchanged for Units of a Series that imposes a front-end sales charge at any time before the Distribution Deductions have at least equaled the per Unit sales charge then applicable. In such cases, the exchange fee will be the greater of \$20 per Unit (or its equivalent, depending on the cost of Units in a particular Series) or an amount which, together with the sales charge already paid on the Units being exchanged,

equals the normal sales charge on the acquired Units.

9. Under the Exchange Option, if DSC Units are exchanged for DSC Units of another Series, the reduced sales charge will be collected in connection with such an exchange. The Distribution Deductions will continue to be taken from the investment income generated by the newly acquired Units, or proceeds from the sale of Trust portfolio securities, as the case may be, until the original balance of the sales charge owed on the initial investment has been collected. The DSC will not be collected at the time of exchange, except in the case of any exchange to a Series not having a DSC.

Applicants' Legal Analysis

1. Under section 6(c), the SEC may exempt any person or transaction from any provision of the Act or any rule thereunder to the extent that such exemption is necessary or appropriate in the public interest and consistent with the protection of investors and the purposes fairly intended by the policy and provisions of the Act.

2. Section 2(a)(32) defines a "redeemable security" as a security that, upon its presentation to the issuer, entitles the holder to receive approximately his or her proportionate share of the issuer's current net assets, or the cash equivalent of those assets. Because the imposition of a DSC may cause a redeeming Unitholder to receive an amount less than the net asset value of the redeemed Units, applicants seek an exemption from section 2(a)(32) so that Units subject to a DSC are considered redeemable securities for purposes of the Act.1

3. Section 2(a)(35) defines the term 'sales load" to be the difference between the sales price and the proceeds to the issuer, less any expenses not properly chargeable to sales or promotional expenses. Because a DSC is not charged at the time of purchase, an exemption from section 2(a)(35) is

necessary.

4. Rule 22c-1, promulgated pursuant to the Commission's authority under section 22(c), requires that the price of a redeemable security issued by an investment company for purposes of sale, redemption, and repurchase be based on the security's current net asset value. Because the imposition of a DSC may cause a redeeming Unitholder to receive an amount less than the net

¹ Without an exemption, a Trust selling Units subject to a deferred sales charge could not meet the definition of a unit investment trust under section 4(2) of the Act. Section 4(2) defines a unit investment trust as an investment company that issues only "redeemable securities.

asset value of the redeemed Units, applicants seek an exemption from this rule.

- 5. Section 22(d) requires an investment company and its principal underwriter and dealer to sell securities only at a current public offering price described in the investment company's prospectus. Because sales charges traditionally have been a component of the public offering price, section 22(d) historically required that all investors be charged the same load. Rule 22d-1 was adopted to permit the sale of redeemable securities at prices which reflect scheduled variations in, or elimination of, the sales load. Because rule 22d-1 does not extend to scheduled variations in DSCs, applicants seek relief from section 22(d) to permit them to waive or reduce their DSC in certain instances.
- 6. Section 26(a)(2), in relevant part, prohibits a trustee or custodian of a unit investment trust from collecting from the Trust as an expense any payment to a depositor or principal underwriter thereof. Because of this prohibition, applicants need an exemption to permit the trustee to collect the DSC installments from Distribution Deductions or Trust assets.
- 7. Applicants believe that implementation of the DSC program in the manner described above would be fair and in the best interests of the Unitholders of the Trusts. Thus, granting the requested order would be appropriate in the public interest and consistent with the protection of investors and the purposes fairly intended by the policy and provisions of the Act
- 8. Section 11(c) prohibits any offers of exchange of the securities of a registered unit investment trust for the securities of any other investment company, unless the terms of the offer have been approved by the SEC. Applicants' assert that the reduced sales charge imposed at the time of exchange is a reasonable and justifiable expense to be allocated for the professional assistance and operational expenses incurred in connection with the Exchange Option.

Applicants' Conditions

Applicants agree that any order granting the requested relief will be subject to the following conditions:

1. Whenever the Exchange Option is to be terminated or its terms are to be amended materially, any holder of a security subject to that privilege will be given important notice of the impending termination or amendment at least 60 days prior to the date of termination or the effective date of the amendment, provided that: (a) No such notice need

be given if the only material effect of an amendment is to reduce or eliminate the sales charge payable at the time of an exchange, to add one or more new Series eligible for the Exchange Option, or to delete a Series which has terminated; and (b) no notice need be given if, under extraordinary circumstances, either (i) there is a suspension of the redemption of Units of the Trust under section 22(e) of the Act and the rules and regulations promulgated thereunder, or (ii) a Trust temporarily delays or ceases the sale of its Units because it is unable to invest amounts effectively in accordance with applicable investment objectives, policies, and restrictions.

- 2. An investor who purchases Units under the Exchange Option will pay a lower aggregate sales charge than that which would be paid for the Units by a new investor.
- 3. The prospectus of each Trust offering exchanges and any sales literature or advertising that mentions the existence of the Exchange Option will disclose that the Exchange Option is subject to modification, termination, or suspension, without notice except in certain limited cases.
- 4. Each Series offering Units subject to a DSC will include in its prospectus the table required by item 2 of Form N-1A (modified as appropriate to reflect the differences between unit investment trusts and open-end management investment companies) and a schedule setting forth the number and date of each installment payment.

For the Commission, by the Division of Investment Management, under delegated authority.

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 95–9724 Filed 4–19–95; 8:45 am]

BILLING CODE 8010-01-M

DEPARTMENT OF TRANSPORTATION

Coast Guard

[CGD 95-031]

Application for Recertification of Cook Inlet Regional Citizens' Advisory Council

AGENCY: Coast Guard, DOT.

ACTION: Notice of availability; request for comments.

SUMMARY: The Coast Guard announces the availability of the application for recertification submitted by the Cook Inlet Regional Citizens' Advisory Council (CIRCAC) for June 1, 1995 through May 31, 1996. The application

may be reviewed at the Cook Inlet Regional Citizens' Advisory Council's Office, 910 Highland Avenue, Kenai, Alaska 99611–8033, between the hours of 8 a.m. to 5 p.m., Monday through Friday, except Federal holidays. The telephone number is (907) 283–7222. The Coast Guard seeks comments on the application from interested groups. The Coast Guard will publish a later notice in the **Federal Register** to notify the public of its decision regarding the recertification request.

DATES: Comments must be received on or before June 5, 1995.

ADDRESSES: Comments may be mailed to the Executive Secretary, Marine Safety Council (G-LRA/3406) (CGD 95-031), U.S. Coast Guard Headquarters, 2100 Second Street, SW., Washington, DC 20593-0001, or may be delivered to room 3406 at the same address between 8 a.m. and 3 p.m., Monday through Friday, except Federal holidays. The telephone number is (202) 267-1477. Comments will be available for inspection or copying at room 3406, U.S. Coast Guard Headquarters, between the hours of 8 a.m. to 3 p.m., Monday through Friday, except Federal holidays. Please submit two copies of all comments and attachments in an unbound format, no larger than 81/2 by 11 inches, suitable for copying and electronic filing. Persons wanting acknowledgment of receipt of comments should enclose stamped, self-addressed postcards or envelopes.

FOR FURTHER INFORMATION CONTACT: Mrs.

Janice Jackson, Marine Environmental Protection Division, (202) 267-0500. SUPPLEMENTARY INFORMATION: Under the Oil Terminal and Oil Tanker **Environmental Oversight and** Monitoring Act of 1990 (33 U.S.C. 2732) (the Act), the Coast Guard may certify, on an annual basis, an alternative voluntary advisory group (advisory group) in lieu of Regional Citizens' Advisory Councils for Cook Inlet and Prince William Sound Alaska. The Coast Guard published guidelines on December 31, 1992, to assist groups seeking recertification under the Act (57 FR 62600). The Coast Guard issued a policy statement on July 7, 1993 (58 FR 36505), to clarify the factors that the Coast Guard would be considering in making its determination as to whether advisory groups should be certified in accordance with the Act; and the procedures which the Coast Guard would follow in meeting its certification responsibilities under the Act.

The Coast Guard has received an application for recertification of CIRCAC, the currently certified advisory group for the Cook Inlet region. In